

**WEINER
BRODSKY
SIDMAN
KIDER PC**

227914



October 1, 2010

BY HAND

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, SW
Washington, DC 20423-0001

**ENTERED
Office of Proceedings**

OCT - 1 2010

**Part of
Public Record**

RE: STB Finance Docket No. 35413, Lancaster & Chester Railroad, LLC – Acquisition and Operation Exemption – Lines of the Lancaster & Chester Railway Company

STB Finance Docket No. 35414, Gulf & Ohio Railways Holding Co., Inc., H. Peter Claussen and Linda C. Claussen – Continuance in Control Exemption – Lancaster and Chester Railroad, LLC

Dear Ms. Brown:

Enclosed for filing in the above-referenced proceedings are an original and 10 copies of (i) the verified notice of exemption of Lancaster & Chester Railroad, LLC, pursuant to 49 C.F.R. § 1150.31; and (ii) the verified notice of exemption of Gulf & Ohio Railways Holding Co., Inc., H. Peter Claussen and Linda C. Claussen, pursuant to 49 C.F.R. § 1180.2(d)(2) (the “Control Filing”). Also enclosed are 20 additional copies of the maps attached as Exhibit A to the Control Filing, pursuant to 49 C.F.R. § 1180.6(a)(6).

In addition, enclosed are two checks in the amounts of \$1,800 and \$1,300 to cover the respective cost of each filing.

**WEINER
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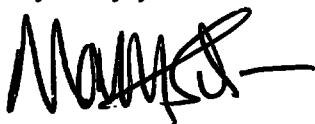
Cynthia T. Brown

-2-

October 1, 2010

Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mark H. Sidman', with a long horizontal stroke extending to the right.

Mark H. Sidman

FILED

OCT - 1 2010

**SURFACE
TRANSPORTATION BOARD**

227913
**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35413



**LANCASTER & CHESTER RAILROAD, LLC
- ACQUISITION AND OPERATION EXEMPTION -
LINES OF THE LANCASTER & CHESTER RAILWAY COMPANY**

FEE RECEIVED

OCT - 1 2010

**SURFACE
TRANSPORTATION BOARD**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 CFR § 1150.31**

**ENTERED
Office of Proceedings**

OCT - 1 2010

**Part of
Public Record**

Pursuant to 49 CFR § 1150.31, et seq., Lancaster & Chester Railroad, LLC ("Purchaser"), a non-carrier, newly-established company, hereby files this Verified Notice of Exemption to acquire from Lancaster & Chester Railway Company, a class III rail carrier ("Seller"), Seller's interest in the following rail lines, which total approximately 62 route miles: (A) Seller's approximately twenty-nine- (29-) mile rail line from Chester, South Carolina (approximate milepost 0.0) to Lancaster, South Carolina (approximate milepost 29.0) (plus the approximately two- (2-) mile connecting track from approximate milepost 5.0 in Chester County, South Carolina to the connection with CSXT at former Survey Station 0 + 06 (approximate SG-346+2210) of the Seaboard Coast Line Railroad Company in Chester County, South Carolina); and (B) Seller's approximately thirty-one- (31-) mile rail line from Kershaw, South Carolina (approximate milepost SB-58.7) to Catawba, South Carolina (approximate milepost SB-89.5), including, for each of these lines, the related rail property and trackage ("Subject Lines").¹

¹ This proceeding is related to STB Finance Docket No. 35414, Gulf & Ohio Railways Holding Co., Inc., H. Peter Claussen and Linda C. Claussen - Continuance in Control Exemption - Lancaster & Chester Railroad, LLC.

In accordance with the requirements of 49 CFR § 1150.33, Purchaser submits the following information:

1. Applicant's Name and Current Mailing Address (49 CFR § 1150.33(a)):

Lancaster & Chester Railroad, LLC
422 West Cumberland Avenue
Knoxville, TN 37902
Tel (865) 525-9400

2. Applicant's Representative to Receive Correspondence (49 CFR § 1150.33(b)):

Troy W. Garriss, Esq.
Weiner Brodsky Sidman Kider PC
Dallas Metropolitan Area Office
2904 Corporate Cir.
Flower Mound, TX 75028
469-635-7539

3. Information Concerning Agreement (49 CFR § 1150.33(c)):

Purchaser, a non-carrier, anticipates entering an agreement in the near future to purchase the Subject Lines.

4. Operator (49 CFR § 1150.33(d)):

Purchaser will conduct rail freight operations over the Subject Lines, following consummation of the purchase of such Subject Lines.

5. Brief Summary of Proposed Transaction (49 CFR § 1150.33(e)):

Seller is headquartered at 512 S. Main Street, Lancaster, SC, 29920 Seller currently operates the Subject Lines.

Purchaser is a newly established limited liability company. As noted above, Purchaser is headquartered at 422 West Cumberland Avenue, Knoxville, TN, 37902. Purchaser and Seller are close to reaching agreement for Purchaser to acquire Seller's interest in the Subject Lines, which total approximately 62 route miles. Upon reaching

agreement, and receiving exemption from regulatory approval by the Surface Transportation Board ("Board"), the parties intend to consummate the transaction.

6. Map (49 CFR § 1150.33(f)):

Maps of the Subject Lines are attached hereto as Exhibit A.

7. Certificate of Projected Revenue (49 CFR § 1150.33(g)):

A certificate concerning Purchaser's projected revenue is attached as Exhibit B.

8. Limitation on Interchange (49 CFR § 1150.33(h)):

The proposed transaction does not involve a provision or agreement limiting future interchange with a third-party connecting carrier as described in 49 CFR § 1150.33(h).

9. Labor Notice (49 CFR § 1150.32(e)):

On August 30, 2010, Purchaser filed with the Board a certification of compliance with the labor notice requirements of 49 CFR § 1150.32(e). *See* Exhibit C hereto. The parties intend to consummate the sale of the Subject Lines on or after November 1, 2010, which date is more than 60 days after such filing.

10. Environmental Issues (49 CFR §§ 1105.6 – 1105.8):

Environmental documentation normally need not be prepared for an acquisition that does not cause diversions from rail to motor carriage greater than (A) 1,000 rail carloads a year, or (B) an average of 50 rail carloads per mile per year for any part of the affected line (49 CFR § 1105.7(e)(4)), on the one hand, and that does not result in (1) an increase in rail traffic of at least 100 percent (measured in gross ton miles annually) or an increase of at least eight trains a day on any segment of rail line affected by the proposal, (2) an increase in rail yard activity of at least 100 percent (measured by carload activity),

or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day on any affected road segment (49 CFR § 1105.7(e)(5)), on the other hand. *See* 49 CFR § 1105.6(c)(2).

The subject transaction will not cause changes in carrier operations that exceed the above-listed thresholds. Therefore, no environmental documentation is required for this Verified Notice of Exemption.

Transactions involving a sale, lease or transfer of a rail line for the purpose of continued rail operations are exempt from the historic report requirements of 49 CFR § 1105.8(a) if abandonment of such operations requires further approval by the Board and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. *See* 49 CFR § 1105.8(b)(1).

Purchaser intends to provide common carrier freight service over the Subject Lines, and abandonment of rail operations over the Subject Lines requires prior approval or an exemption. Purchaser does not have any plans to dispose of or alter properties subject to Board jurisdiction that are 50 or more years old. Therefore, a historic report is not required for this filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Troy W. Garriss', with a stylized flourish at the end.

Troy W. Garriss, Esq.
Weiner Brodsky Sidman Kider PC
Dallas Metropolitan Area Office
2904 Corporate Cir.
Flower Mound, TX 75028

Attorneys for:

LANCASTER & CHESTER RAILROAD, LLC

Dated: October 1, 2010

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

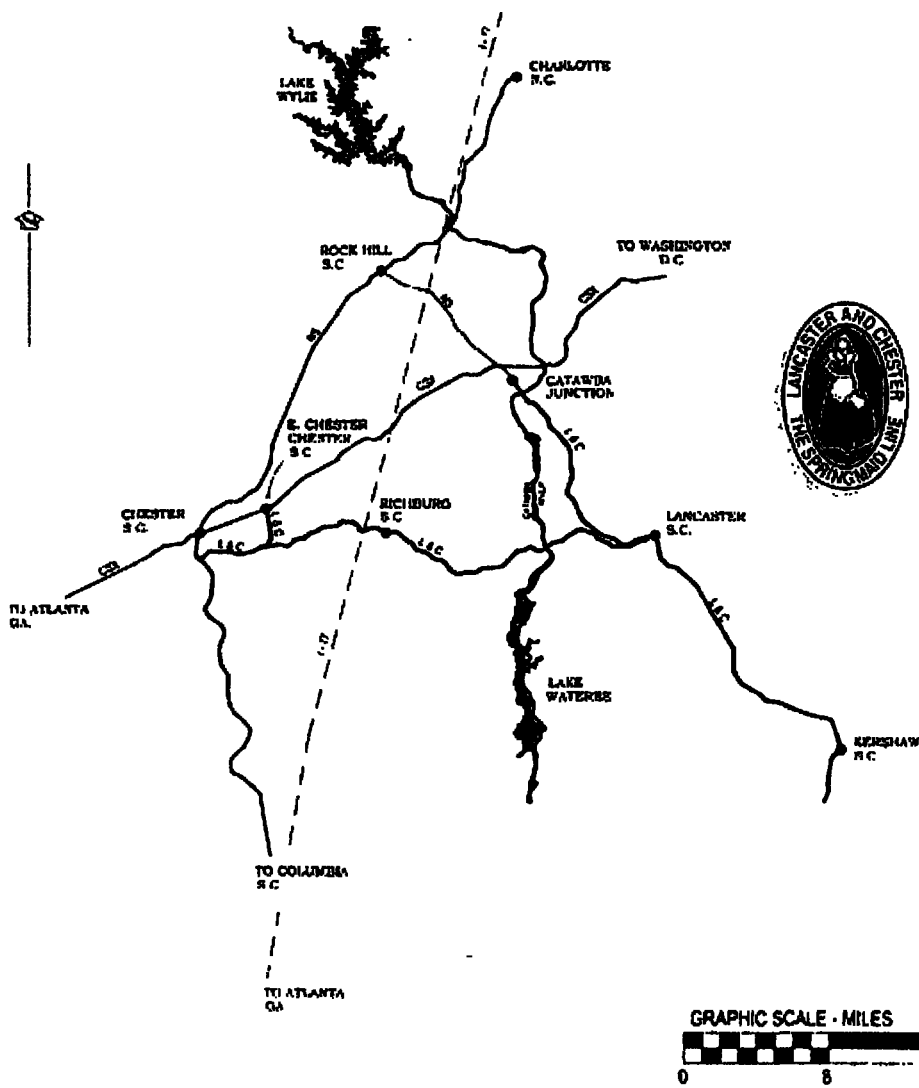
STB FINANCE DOCKET NO. 35413

**LANCASTER & CHESTER RAILROAD, LLC
– ACQUISITION AND OPERATION EXEMPTION –
LINES OF THE LANCASTER & CHESTER RAILWAY COMPANY**

EXHIBIT A

MAPS

SYSTEM MAP
LANCASTER AND CHESTER RAILWAY COMPANY
MAY 2002



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35413

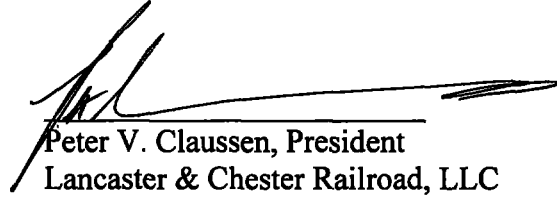
**LANCASTER & CHESTER RAILROAD, LLC
– ACQUISITION AND OPERATION EXEMPTION –
LINES OF THE LANCASTER & CHESTER RAILWAY COMPANY**

EXHIBIT B

CERTIFICATE OF REVENUE

CERTIFICATE OF REVENUE

In accordance with 49 CFR § 1150.33(g), I do hereby certify that the revenue projected for as a result of this transaction will not exceed those that would qualify the Purchaser as a class III carrier.



Peter V. Claussen, President
Lancaster & Chester Railroad, LLC

Dated: October 1, 2010

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35413

**LANCASTER & CHESTER RAILROAD, LLC
– ACQUISITION AND OPERATION EXEMPTION –
LINES OF THE LANCASTER & CHESTER RAILWAY COMPANY**

EXHIBIT C

LABOR NOTICE

**WEINER
BRODSKY
SIDMAN
KIDER PC**

August 30, 2010

VIA HAND

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E. Street, SW
Washington, DC 20423-0001



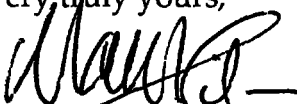
RE: STB Finance Docket No. 35413, Lancaster & Chester Railroad, LLC –Acquisition
and Operation Exemption – Lancaster and Chester Railway Company

Dear Ms. Brown:

Pursuant to 49 C.F.R. § 1150.22(e), enclosed for filing in the above-referenced proceeding are an original and ten copies of the Certificate of Posting of the notice to the employees and union regarding the proposed transaction, along with its attachment.

Please acknowledge receipt of this letter by date-stamping the enclosed acknowledgment copy and returning it to our messenger.

Very truly yours,


Mark H. Sidman

Enclosures

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35413

**LANCASTER & CHESTER RAILROAD, LLC
- ACQUISITION AND OPERATION EXEMPTION -
LINES OF THE LANCASTER AND CHESTER RAILWAY COMPANY**

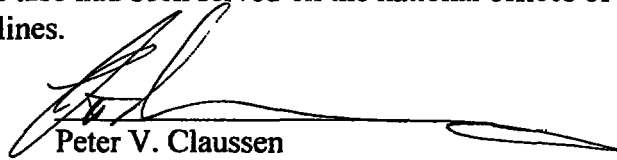


CERTIFICATE OF POSTING

I hereby certify that on August 30, 2010, in connection with the labor notice requirements at 49 C.F.R. § 1150.32(e), the attached Notice to Employees has been posted at the following locations:

- (1) Lancaster and Chester Railway Company
General Office Building
512 South Main Street
Lancaster, SC 29720
- (2) Lancaster and Chester Railway Company
Rock Track
Between Lancaster St. and Hinton St.
Chester, SC 29706
- (3) Lancaster & Chester Railroad, LLC
General Office Building
422 W. Cumberland Ave.
Knoxville, TN 37902

As of the above date, a copy of the notice also had been served on the national offices of any labor union with employees on the affected lines.


Peter V. Claussen
President
Lancaster & Chester Railroad, LLC

NOTICE TO EMPLOYEES

Lancaster & Chester Railroad, LLC ("Purchaser") intends to execute one or more agreements whereby Purchaser will acquire from Lancaster and Chester Railway Company ("Seller") and operate Seller's entire rail line. Following the sale, the Seller will no longer own or operate the rail lines. It is anticipated that Purchaser will file a Verified Notice of Exemption to authorize the transaction with the Surface Transportation Board in this matter, which is expected to occur on or after November 1, 2010, and Purchaser is providing this notice pursuant to the Surface Transportation Board requirements at 49 C.F.R. § 1150.32(e). The transaction will occur no sooner than 60 days after this notice is posted.

In connection with the transaction, Purchaser anticipates hiring all or substantially all of the existing employees of Seller at the same or similar rates.

Candidates may be required to go through a typical hiring process, such as an interview and pre-employment testing, including drug and alcohol screening. Every employee will be an at-will employee. For further details, or for application materials, please contact:

Peter V. Claussen

Lancaster & Chester Railroad, LLC

422 W. Cumberland Ave.

Knoxville, TN 37902

865-525-9400

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35413

**LANCASTER & CHESTER RAILROAD, LLC
– ACQUISITION AND OPERATION EXEMPTION –
LINES OF THE LANCASTER & CHESTER RAILWAY COMPANY**

Lancaster & Chester Railroad, LLC, a non-carrier, has filed a notice of exemption, pursuant to 49 CFR § 1150.31, to acquire from Lancaster & Chester Railway Company, a class III rail carrier (“Seller”), and to operate, the following rail lines which total approximately 62 route miles: Seller’s approximately twenty-nine- (29-) mile rail line from Chester, South Carolina (approximate milepost 0.0) to Lancaster, South Carolina (approximate milepost 29.0) (plus the approximately two- (2-) mile connecting track from approximate milepost 5.0 in Chester County, South Carolina to the connection with CSXT at former Survey Station 0 + 06 (approximate SG-346+2210) of the Seaboard Coast Line Railroad Company) in Chester County, South Carolina, and Seller’s approximately thirty-one- (31-) mile rail line from Kershaw, South Carolina (approximate milepost SB-58.7) to Catawba, South Carolina (approximate milepost SB-89.5), including, for each of these lines, the related rail property and trackage.

Comments must be filed with the Surface Transportation Board, Office of the Secretary, 395 E Street, S.W., Washington, D.C. 20423-0001 and served on Troy W. Garris, Esq., Weiner Brodsky Sidman Kider PC, Dallas Metropolitan Area Office, 2904 Corporate Cir., Flower Mound, TX 75028, 469-635-7539. This proceeding is related to STB Finance Docket No. 35414, Gulf & Ohio Railways Holding Co., Inc., H. Peter Claussen and Linda C. Claussen – Continuance in Control Exemption – Lancaster & Chester Railroad, LLC.

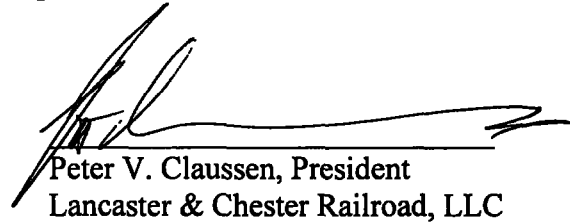
This notice is filed under 49 CFR § 1150.31. If the notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

Decided:

By the Board,

VERIFICATION

I, Peter V. Claussen, certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief. Further, I certify that I am qualified and authorized to cause this Verified Notice of Exemption to be filed.



Peter V. Claussen, President
Lancaster & Chester Railroad, LLC

Dated: October 1, 2010